



Buying Your First New Car

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Swami says, "You are now entering a deep, dark woods. Keep your wits about you, or you may be swallowed by the beasts within." Car buying may not be quite this ominous, but it is close. There surely are many beasts to contend with, including your own wants and desires. Those of us who have dealt with these beasts know only too well that survival depends on information, preparation, and negotiation. Before you begin the search for your first brand new car, here are some things you should know.

Basic information

Selling price. The selling price at a dealership can vary from customer to customer . . . for exactly the same car. Car dealers expect customers to negotiate for a price lower than the sticker price. In fact, good negotiators can expect to pay hundreds to thousands of dollars less than poor negotiators. Lesson 1: If you pay the sticker price, you are paying way too much.

Additional charges. Cars come with options that buyers would expect to pay extra for, such as a larger engine or a security system. But car prices are also padded with dubious "extras" (e.g., a glove box lock, or intermittent windshield wiping) and additional charges (e.g., preparation fees and destination charges). Lesson 2: If you accept the stated cost of every dubious extra and added charge, you will pay way too much.

Zero-cost financing. Unless you believe in the tooth fairy, there is no such thing as zero-cost financing. If the financing is "zero-cost" then look for the real cost to be included in the price of the car. Even low-cost financing is subsidized as part of the car's selling price or through the sale of high-priced credit insurance. Lesson 3, If you think you are paying nothing for financing, you just don't know how much you are paying.

Essential preparation

Examine yourself. Before you go in and blurt, "I'll take the red one," you need to think about your needs. What



kind of a vehicle do you need? Would you be better off with a pickup truck or a coupe, a compact or mid-size? What features, options, and quality do you really need? Lesson 4: Assess your real needs before your judgement becomes clouded by your wildest desires.

Examine your finances. How much are you able or willing to pay? How much will you need to borrow? Look around for the best interest rate and get pre-approved for

the maximum amount that you may want to borrow. Lesson 5: Get your financing lined up before you shop so that you will know exactly how much you can spend.

Examine the facts. Use consumer guides, such as *Consumer Reports*, to gather the essential facts about various makes and models. Pay particular attention to ratings of overall quality, reliability, safety, satisfaction, cost, and depreciation. Also, check out the insurance costs of the vehicles that you're interested in. Lesson 6: If you don't know the facts, you won't be able to choose wisely.

Successful negotiation

Check the marketplace. Visit dealerships well before you intend to buy. Inspect and test-drive the makes and models that interest you. Take notes. See if the dealer's ads in the paper match any vehicles on hand. Assess the salespeople by listening and observing. Visit the garage and see how complaints are handled. Lesson 7: Make sure you deal with good people, because a deal is only as good as the people you are dealing with.

Check the price. Since most car prices are vastly inflated, you need to know what would be a fair price before you can negotiate. Fortunately, such information is readily available in publications and on-line. Lesson 8: If you don't know how much to pay, you surely will pay too much.

Check yourself. The best way to negotiate is with a closed mouth, a shake of the head, and feet that retreat. You can't beat salespeople at their game. Whatever you say may well be used against you. Your only chance is to let them beat themselves into making the sale. Lesson 9: Your biggest advantage is saying little and saying no.

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